June 21, 2000

Varscona Hotel, Edmonton, Alberta
7:15 to 9:45 PM

In attendance

Lou Hyndman, Project Chairman — Bill McMillan, Project Coordinator

Guests

Robert Ady, World Business, Chicago
David Crockett, Chattanooga Institute for Sustainability
Dr. Roger Gibbins, Canada West Foundation
Mr. Kim Mackenzie, Mackenzie & Associates
Dr. Mel McMillan, Department of Economics, University of Alberta
Mr. Alan Scarth, Thompson, Dorfman, Sweatman
Dr. Roger Smith, Research and External Affairs, University of Alberta
Dr. Allan Wallis, National Civic League, University of Denver
Dr. Ian Wight, University of Manitoba

Observers

Dan Bader, Deputy Minister, Alberta Municipal Affairs
Brian Peddigrew, Alberta Municipal Affairs
Dr. Edd LeSage, Faculty of Extension, University of Alberta
Court Reporter: Janice Nimmo

i) The following summary is taken from the verbatim record. Verbatim records are available from the project office.

ii) Highlights of discussions are underlined.

1. Global Economy

Chairman's Questions: Does the term "global economy" describe changes that will have an impact on municipalities and municipal government? What changes are likely to matter? What effects are those changes likely to have?

Gibbins: There's no question that something fundamental is going on with the economy that has an impact on regional government, local governments. However, my own perspective is very much western Canadian. I stress the regional character because this part of the country (and continent) has always been defined by geography and had real economic constraints. Part of the theorizing on the new economy is that geography doesn't matter anymore, distance doesn't matter. I suspect that for western Canadian cities, that may be wrong. The new economy may reinforce some of the disadvantages that western Canadian cities have had in the past.

I think the new economy means that:

- Competition for foot-loose people and foot-loose industries has a capital forum.
- Cities are challenged to keep people and businesses rather than to attract them.
- International competition means that cities must be able to articulate a sense of themselves that is regional, not merely a city. In the context of international competition, nobody cares that there are 13 or 21 municipalities in the Edmonton region. It's Edmonton.

  Calgary, in an international context, goes as far as Banff National Park. It's part of the way it defines itself as a city on the international or continental scene. If there isn't some way of articulating that regional sense of a community, we're going to be greatly disadvantaged.

  Calgary hosted the World Petroleum Conference, and the city took great pride in the fact that there were no significant demonstrations or civic unrest. I suspect this reflects that, although Calgary may perceive itself as an international city on a global stage, it's still at the margins of the continental society and continental economy. To assume that this new economy, in which distance doesn't matter, will work to the advantage of regions at the margins is a very dangerous assumption.

The new economy is going to stress concentrations of electoral capital versus concentrations of international capital. Communities which have found themselves at the margins of the resource-based economy are not easily going to move into the new economy. They're only going to effectively compete if they can marshal their internal resources and project effectively on the global stage. They have to do that regionally.

Ady: I believe companies are much more foot-loose and fancy-free. Dedication and commitment to any single area is much less than in the past and will likely be even less in the future. These companies position themselves as world players. They might just happen to be in Edmonton or Chicago or wherever. Their role in the local economy or the local social structure is quite different because they're not family-owned anymore.

Rural areas may never become players in the future because young talent does not want to be isolated in small, rural communities because they feel their future is shut off. Also, there's no longer a paternalistic commitment to employees. Companies can no longer make that commitment.

Major corporations are having a hard time getting technical and marketing people who are on the cutting edge. It's going to be very difficult for any rural area to go it alone. They're going to have to consolidate and become more regionalized in their thought process.

Edmonton is not on the international scale as an international city in any manner, shape, or form. It's not even on anybody's awareness scale in terms of an international city, and it's tough to make the transition.

There are 8 million people in Chicago (a million of whom are foreign born); 63 foreign consulates; 700 Japanese companies, 800 German companies; and daily flights to all over the world ... and Chicago is not even considered an international city. Any area without a cosmopolitan approach is going to be in deep trouble.

M. McMillan: I disagree that only large international metropolitan areas are attractive. I think a lot of people prefer to live in relatively smaller communities of a half million, one million, or a 1.5 million people.

Regarding the assumption that growth is good, I think that places don't want to be defined in this manner. People want to have opportunities for their children, friends and family. What is the role of the municipality? Is it to attract a larger share of industries to the community, so that the region grows faster than other regions? Or is it to provide services to the people that live there? I'm not denying that services to the people who live there includes some growth and certainly rejuvenation, continuation of viability of the community, but I don't think growth is eminent.

Smith: I think the advantages that come with communication networks and mobility of capital certainly changes things. But, is the benefit to those who perhaps in the past have been farther from the markets?

I think the effect of globalization has a major impact on local governments and probably municipalities need to restructure themselves. There's no question that many businesses are much more foot-loose and the multiplicity of factors that come into play in determining whether a location is attractive or not is something which I would expect municipal officials would be very much more conscious of.

I think coordination of effective delivery of services, various types of coordination is much more important. Another reality is the dual income family. We generally have to provide an opportunity for the spouse or partner. It's more difficult to do so in a smaller region; hence, the advantages are substantially greater for attracting the people you want if there are opportunities for both members of the family.

Edmonton and Calgary [universities] feel disadvantaged to places like Toronto in that regard. So bigger may not be better, but it certainly has some advantages.

Mobility with respect to capital has probably increased to a greater extent than mobility with respect to labour. There are implications of that on a tax structure in a region. Municipal officials have to determine to what extent they can rely on a certain revenue basis: whether it's benefits based fees to finance certain services, or whether it's taxes that are basically ad hoc. I'm referring to a lot of business taxes within our various communities. To some extent the differentiation I find in terms of business property tax is relative to residential property taxes. To what extent they're going to maintain those differentials and have the competitive environment you want. Factors of that sort are certainly things that municipal officials have to be more aware of now than was necessary in the past, if they're going to be formulating policies which are consistent with the objectives they want to see.

Crockett: It used to be that economic development meant "plant" (heavy industry or manufacturing). It also meant "recruit." I think this will change over the next 20 years. The winners will be those who focus on development versus recruitment; those who build the capacity of a region so they can seize upon a lot of opportunities that can be developed by the concentration of those resources later.

Another change will be the way people think. Ten years ago, 70% of people coming cut of college thought they wanted to work for the best corporation they could find and make it their career. Those numbers have exactly flip-flopped. They don't want to work for the large corporations: they want to start their own business, be part of a smaller business, or of an entrepreneurial business.

Increasingly, civic leaders are taking over the destiny of the region because the political leadership can't get untangled enough to fix it.

I would rather have a bunch of small companies that want to be part of our community, than somebody who looked at me as store number 538, plant site number 116. I sense there may be a shift in people wanting to become part of the civic fabric of the place where they live.

Some companies make decisions based on the quality of life. Others want cheap land, incentives, a break on electricity, and training money. They want more and offer less. The work force of the "bottom feeders" probably earn half of what the work force does with a company that is concerned with quality of life, a good education system, etc.

Companies have walked away from communities with a poor quality of life. Are you going to grow average income? Medium income? Are you going to grow education levels? Are you going to grow quality of life? Are you going to be qualitative or quantitative in what you grow? I would like to grow a little bit in population, but I'd rather have a lower high school dropout rate in the region. I'd like a world class university, and I would like my kids to be able to work there in knowledge-based businesses, new economy businesses. I know that doubling the carpet mills, and recruiting everybody and his brother in the current industries, will not change that.

Wallis: What I wanted to make sure was on the table here is the issue of population diversity, and what to do with it; and what are called gateway regions, and what to do with poverty. One of the reasons that a lot of corporations don't want to locate in places like Detroit is because of racial unrest and disparity.

In the regional dialogue, is population diversity an asset or a liability and is poverty something that we have to deal with or we could ignore as long as people are off in the suburbs feeling safe and comfortable? These are hugely important. The south Florida region is interesting because its economy has turned around since Cubans began coming there. If Miami was relying on aging or the easterners to retire there, it would have no economy now. Their economy is essentially based on diversity as an asset. Miami-Dade County is two-thirds Hispanic. In terms of import/export business, it is the second most important region in the United States.

Miami is a gateway region whose economic competitiveness is based on its population diversity and is an artifact of international policy. However, it is absolutely at loggerheads with the disadvantaged population of African-Americans. If Miami cannot solve that issue and turn its diversity into an asset, if it cannot solve the issues of poverty, and if there are continued riots, it's going to go down the tubes.

As we talk about regionalism, we need to include in the equation how we deal with population diversity.

Crockett: Canada in general, I perceive, as having a huge advantage in diversity. You're further ahead than a lot of American places.

Gibbins: There's no question the Canadian population has become more diverse because of changes in immigration patterns. However, Edmonton and Calgary are attracting disproportionately less than Canada as a whole. Immigration is still concentrated overwhelmingly in Vancouver, Montreal, and primarily Toronto (55% of immigrants settle in metro Toronto). It's a national policy over which cities have little leverage. I agree, diversity becomes an incredibly important economic asset. Rural communities are becoming less and less diverse which is a problem for them.

Regarding civic leadership, this really goes back to the changing nature of the economy. Within Calgary, the corporate elite who played a critically important role in building a sense of community, is hollowing out. The oil industry is concentrated in fewer and fewer firms and the control of those firms is drifting outside the country. Cities have relied in the past on civic leadership from the top companies, that top end is thinning out in communities the size of Edmonton, Calgary and Winnipeg. The problem is to re-create a sense of civic leadership from small to mid-sized businesses which, to this point, have not played that role.

So there's something going on in the transformation of the continental economy that I suspect is particularly problematic for Canadian and western Canadian cities, which simply aren't large enough to attract and retain the sort of indigenous capital that was so important in the past. Local entrepreneurs who built the cities around them are less and less a part of the landscape. So this issue of civic leadership, I think is terribly important.

Ady: Chicago has lost most of its major leadership. Our city grew the same way with the business community taking a lead position. Those people are no longer really players. So far, the municipal governments, or anybody, haven't stepped in. They're trying to figure out what their role is in this new situation.

As a regional issue, what do you do? Do you revenue share? Will they ever change jurisdictional boundaries? Or are these things cast in stone for everybody's life forever more?

We've got 50 wards in the City of Chicago. We probably need five. But there's no way that's going to change that I can see. It's really a difficult situation. I heard stories today directly and indirectly about government conflicts of one kind or another. I don't know how you change the mind set.

Scarth: I was listening with interest to the immigration issue. There's a man with an industry in Manitoba who makes more blue jeans than anybody else in Canada. He told me last year that he could employ 900 people, but he's not seeing the first one. Part of that is marketing that we don't do. Winnipeg is known for cold weather and for an aboriginal population in our core, which is growing (50 or 60,000 in a city of 600,000 - 10%). We're looking at maybe 80,000 in the near future. Because these people are 50% unemployed, we have a bad image externally.

That's not the whole story. Quebec has a deal where it gets a percentage of immigration by a percentage protocol. If we applied that protocol to Manitoba, we would get 8000 people. We have trouble scraping up 2500. And yet one business could use 900 tomorrow.

I tried to do Lou Hyndman's job [in Winnipeg] in 1999. I learned that municipal councillors aren't very good at regional thinking. They're very good at receiving a phone call about someone who hasn't had the snow cleared from the front of his driveway.

We're attracting a lot of people to the fringe of the city. We discovered that almost all the people left the core for a little more territory, a little more green space, that kind of thing. They certainly weren't going out for lower taxes.

The real issue is this: How do we persuade a group of people who, for 100 or 150 years by tradition, have been doing a very, very good job of administering 90 percent of our needs by local government? How do we persuade them to give up their territory in pieces?

No one structure fits all cases. We discovered that, unknown to us, five municipalities in regional Manitoba were already forming a region, employing an economic developer, trading tax base for services. How did they arrive at that? They got a consultant who happened to have a computer and he brought up Minneapolis, St. Paul, and then he brought up one other city and he put the thing together before I started to draft my report.

If there's such a need, why can't we create a structure which is a smorgasbord of powers? We created a legislative structure for regional associations where municipalities could have as little or as much authority as they wished. It includes the following considerations:

- Funding of a regional association will likely be a difficult thing to negotiate. It was recommended this be worked out pragmatically depending on what kind of organizations you have to deal with.
- Decide the nature of the activities, and then get down to one or more members of the association providing services for the others.
- Will they be able to delegate powers out of the municipalities to a regional association? Yes, we're going to have to do that and it's going to have to be legislative because there's got to be some governance on what they delegate.

  For instance, regional plans and coordination of services. Specified services directly by the regional association (St. Paul, for instance, began 30 years ago and was doing very little or practically nothing, and now it provides sewer services for the whole region).
- Research and the development of an information base and website for the region is important. At the present time, if a German industrialist wants to put up an agricultural plant around Winnipeg, he's got to send a team of 10 people to see 16 different people and they're all arguing about their place being the best. So we say, let's promote the region. Let's get people coming in here both from an immigration point of view and an industrial point of view.
- Adoption of uniform service based budgeting and full cost accounting. Around the table, you've got 16 reeves and mayors and each one is using a different accounting base. How can you get them talking about sharing services when they don't even know what their services cost?
- Delegation: We talk about giving up territory, actually put into a statute how you go about doing that and how much the legislature wants you to do, how much is really essential in the long-term and the future type local stuff.
- Before we're going to run a utility in the region and set rates, we want all of you to be on the same sheet in terms of your accounting. That's a condition, Otherwise, we'll never get past the threshold.

Already in Winnipeg we're running into some idiosyncrasies where an industry moves across the border out of Winnipeg, Winnipeg could supply services across the border, but the municipality doesn't want to give Winnipeg a tax break because it doesn't understand how to share the tax base, and has no authority to do it. This would permit common sense to prevail. Winnipeg supplies the services to the industry, which is only across the road, and the municipality gives Winnipeg a piece of the resultant tax base. Common sense. But there's currently no mechanism.

Philosophy is great but in terms of what you look at in the future, it's a structure. It's giving these people the ability to work slowly into a region, taking as much authority step by step as they want to take voluntarily.

2. Urban Sprawl and Demographics

Chairman's Questions: What demographic changes in the next 20 to 30 years (e.g., "boomer" retirement, increase in median age, immigration-emigration, growth of urban aboriginal population) are most likely to affect urban-rural regions? Is urban sprawl a problem, or a rational evolution of urban areas?

Mackenzie: Speaking simply, urban sprawl is the uncoordinated dispersion of urban development throughout a region that isn't well controlled or coordinated toward a longer term objective, call it a plan.

On the other hand, planned development, which I would not characterize as urban sprawl (although it does involve spreading of development into a countryside) is basically well managed growth where the orderly provision of all public services is a fundamental ingredient in that planning exercise.

To minimize the amount of expenditure, you invest in infrastructure. You minimize the amount of cost, within reason, of providing social services, including schools, policing and fire protection, etc.

The difference is like night and day. In the Edmonton region we are faced in the next 10 to 50 years with a real challenge: how you manage inevitable growth.

Irrespective of where we sit in the continental economy, the Edmonton region will grow. Depending on your level of optimism, we could grow in the next 50 years anywhere from 800,000, to somewhere between 1.5 to 2 million people in the year 2050. That growth is going take place somewhere.

Traditionally in Alberta, urban growth has taken place within urban municipalities. In 1994, we experienced a major change to the municipal government legislation in Alberta. Two fallouts from that are:

- the system of regional planning in Alberta was basically abandoned.
- all municipalities in Alberta are now equal, whereas during most of that previous period of 50 years we had a very clear distinction between urban municipalities and rural municipalities. This is absurd when you look at the kinds of things they govern and the territories they have to look after, but it's a reality.

<u>If we don't do something about providing a growth management structure in this region of 20 odd municipalities, in the next 50 years I'm fearful that we're going to see something called urban sprawl occur at a pace that we've never seen before.</u>

My American colleagues find it amazing the way we have such a clear line between urban and rural, with nice compact subdivisions, with schools in the right place and roads in the right place, and then next to it, open fields. When you fly over American cities, you see a core city and then it diminishes in density and intensity into all kinds of lesser density development and it's very hard to see the line between urban and rural.

In the future, if we don't do something to fill the void that's been created by the abolition of regional planning, that distinction between urban and rural is going to diminish. It will become a grey area and we are going to see a very significant amount of urban sprawl in the next 50 years.

Crockett: America as a whole wants to go home. In a very practical sense because of costing business. You don't have to be real bright to figure out that [sprawl] is going to be more expensive. The ISO rating for fire halls is 1.5 miles. So if you want to spread out 10 miles, instead of 3 miles, factor in more fire halls.

America, is scattered developed, not sprawled. We don't go in a uniform way which is much more expensive and difficult. We can't develop like this anymore because it is going to have a very serious effect on our economic competitiveness, our quality of life.

It's one thing to do six blocks of a downtown and pretty it up and redo the old buildings - it's a relatively compact area. That is a very small piece of what it's going to take to revitalize the second ring of what is spread out. Because as those malls now go into decline, as those big box stores are emptied - in raw dollars it's going to cost a fortune.

Also, you don't have the basic good design of a downtown, the buildings built by Wal-Mart, K-Mart, Kentucky Fried Chicken, etc. are designed to last 10 years. These

are not fixer-uppers for historic preservation. To see the long-term effect of that in 25 years, go look at your first cycle of 20 years ago and see what those first shopping centres are like today.

As we've spread out, we have segmented the population like rings on a tree. If you live in a particular ring, you make plus or minus 10 percent of everybody around you, probably drive within 6 miles of home, have the same car, have close to the same politics and values. If you live in another ring, you're a little different.

The one thing that we do have in common is that none of us agree on a common set of challenges and priorities. And while we could fix our downtown and get consensus on doing it, getting consensus on issues, particularly on a regional basis, is going to become increasingly more difficult because of how we've separated and segmented our population by age, race, income, all the way down the line.

It also plays to the real health of a community when it's that disconnected. From a purely pragmatic standpoint, people like the baby-boomers and the people in the new economy don't want to live in it. They're called urban pioneers moving back into centre cities. Some of them are just very practical.

There's not going to be an effective way of adding public transportation because it's not about technology or putting in rails. That's putting rocket boosters on horseshoes. This thing was designed for an automobile and designed for this path. Retro-fitting it with a public transit system, any kind of public transportation, is going to be difficult at best.

But the social thing is what would change. People want to either move to a small town or move to a place that has a sense of community.

I think it is most important to address it from a quality of life standpoint and an economic competitive standpoint. The regions that address it best will succeed at both, and regions that don't, will fail at both. I think it is that simple.

Most of it is about design. Most of what we have built or let be built, is about as human friendly as a Normandy beachhead. It's not about the sprawl so much, as the design and the function.

Zoning codes in the United States are a half century out of date. They were designed to divide. So the first thing we have to change is the design codes to allow mixed use. You're going to have to insist that it's not the free market right of a developer to determine what a city looks like. It never has been in a great city, whether it's Charleston, Paris, Washington or any of them.

I think we can do this in a free market way, Somebody thinks they're buying green space around this place. So buy the development rights. That's what Maryland, New Jersey, Georgia are doing - contain them. And then invest back and say, you pay to make it look like this and take some time to fix it. You're going to have to show people a model. They have never seen a different kind of community, a different kind of shopping place, a different kind of development pattern in 50 years.

We're going to have to "incent from a government standpoint the building of products that make the market. We argued about that a little bit. Nobody dragged a PC out of IBM or demanded an Internet. Markets are made. They do not happen.

Wallis: There's a fascinating study that suggests there are two very significant emerging regions: gateway regions and boomer regions.

The boomer regions are retirement regions. In the US, people are now choosing to retire in place, as opposed to going to Florida or Arizona. The empty-nesters will spend their last decades living downtown. So there are interesting demographic shifts, and their implications for regions, I don't think we fully understand.

Gateway regions are those where there's going to be incredible ethnic and racial diversity; where the demographic mix is going to start spelling something very different for them.

These two regional types, have emerged over the last 10 years. The implications for a new regional order are not quite clear, but they're happening quickly just because the boomer generation will be retiring so quickly and this demographic change around ethnic and racial diversity is rapid.

We had a conference about a year ago in Denver on sprawl. Is it good? Is it bad? Does it exist? The one point that we could agree on was that it ought to pay for itself, and I think this was an intriguing notion. If the market wants to produce sprawl, all the costs of sprawl should be internalized on the development. So, if you want house on one acre and it's going to require building a firehouse that's actually supporting a relatively low density of housing, and if you demand police service at an urban level not at a rural level, and if you want, whatever it is in terms of education and so forth, you pay the actual cost.

So instead of defining sprawl or deciding whether it's good or bad., take a market perspective and address the issue of how to internalize the external cost.

I agree that everyone in the region is subsidizing the cost of sprawl, and a reasonable market approach would be to figure out what it's costing all of us to support the folks living way out there and let them pay for it. If they want to pay the real costs, that's fine. I think that would be a really useful thing to figure out. What is the total actual cost of that spread-out development? We have hard costs but we don't have the total service costs.

Also, economists have not addressed the full social costs when you create this social separation. What is the cost of having concentrated poverty? Let's allocate a reasonable amount of that to people who are choosing to live far out. I think that would be an intriguing exercise for a competent economist.

Scarth: Some developments which result in outward migration from the centre are not threatening to the system, but some are - it's simply a matter of scale.

When a municipal government outside the perimeter of your city creates an urban-style development of enough size to have regional impact, I'm suggesting you need a regional structure, to handle that, because the regional impact goes across municipal boundaries.

You've got to stop a major development like that knowing full well that the costs are regional (highway services, etc.). In order to internalize the costs of outward migration, or sprawl, we've got to have the whole ball of wax under a regional association structure.

Crockett: We tried to understand what people wanted and didn't want using a visual preference survey. We had thousands of people participate. I think it can be done on the Internet. It should be done on a regional basis. It would be a powerful way to get consensus on what you want to see the region look like in the future.

Smith: To what extent are there meaningful differences in tastes, quite unrelated to things like income level? Do people in the Edmonton region really have differing tastes in terms of the services they expect from their local governments or are those tastes quite similar. This notion of differentiating amongst various local communities is much

less meaningful than if those tastes are very different. Quite honestly, I don't know the extent to which those tastes differ within the Edmonton metropolitan. That is one of the issues, at least from an economic point of view, which would be relevant in terms of identifying the relationship between goods delivered by the public sector and the satisfaction of people in the communities.

LeSage: One of the things we've been talking about at the local level is perceptions of difference, perceptions of connectedness and perceptions of community. And indeed, structures of representation.

We're speaking a lot now about economic scale and the like, but the representation question also has to come into this, and how do you represent 900,000 people in a democratic system.

Consolidation is a model we've discussed, and it may help in efficiency. It may help prevent sprawl, although arguably there are significant limits to the ability of municipal corporations to produce services beyond a certain size in certain types of services and not in others, and that is quite apart from the representation question.

Place probably does matter. Leadership that renews itself from place.

It seems to me that this is one of the great dilemmas that you face. Representation, sense of place, communities as they exist now, the kinetics of those communities.

Wight: I'm pretty sure we're going to see further diversity, further multi-culturalism, more retiring and/or aging in place.

In terms of putting a pattern on it, a recent book identified three main trends and it starts around city development pre-1945 and that would leave conventional centre cities and very little else. They categorize metropolitan development as the next era, roughly 1945 to 1975. They say we're now in an era of suburban domination. So what is next?

If you believe planning is trending, we're looking at ex-urban domination coming down to rule, further scattered around, U.S. style. That actually plays out in a couple of scenarios: one which favours basic individual, free choices, and the other is a more collective constrained communal view.

It could go either way depending on the governance that's introduced. For a city to have its golden age, it basically has to fire on three main cylinders: as a cultural crucible (economy, society, quality are subsets of culture); an innovative milieu (economic, technology applied science); and urban order (governance, innovation, regulation). I think regulation, done right, can be a great way to save money, especially if things are monitored.

Scenario one (individual, free choices) is definitely more favourable than the collective scenario.

I think you would have to project current patterns. In 10 years we'll be a dispersed city - a scatter of edged cities. Which isn't very encouraging.

I'm getting a sense on this fiscal element being very important: standardized accounting for service cost and full cost accounting principals. Florence's golden age was triggered by the invention of double-entry bookkeeping. I think we need the equivalent of double-entry bookkeeping now if we're going to survive for the next 5 or 100 years. My suggestion is triple column capital budgeting.

We take note of conventional fiscal market finance but we have to come up with similar detail for social capital and natural capital and make our decision across those three columns: a triple bottom line balance sheet. We've got to invent something like

that to be the governance system that we hope will bring a little bit of collective action, rather than just unfettered, individual, narcissistic free world.

If Edmonton wants a golden age, it has to fire on several cylinders: a cultural, creative cylinder (the cultural crucible) and the technological innovation has to be there, the innovative milieu. I interpret urban ordering in terms of the psychological, the transformative: influencing behaviour change on a mass scale, which is what we're going to need if we're going to get anywhere near sustainability. It's going to require some changes from folks in this region along governance lines.

Gibbins: We're undergoing a massive public policy debate in this country about aboriginal self government, which is transforming the landscape in the country significantly.

However, the debate is focussed almost entirely on the rural aboriginal population and at present about 50% of the aboriginal population actually live in metropolitan areas. This is a particular issue in western Canada where the percentage is relatively high and it's growing because the population of significant in-migration from the rural countryside.

This is a large and growing population of people with severe disadvantages, but also with claims to constitutional rights. What does this mean for regional government? I think it poses quite a dilemma. When we look at the urban aboriginal population, we have no good methods of inclusion. We don't have structures to accommodate either the urban aboriginal population or even aboriginal communities that are on the edge of the metropolitan areas.

One possible scenario for regional government is that in the short-term it will actually diminish the political power of aboriginal peoples. To give a very simple analysis, the aboriginal proportion of the City of Edmonton's population is larger than the aboriginal proportion of the regional population. So as you look at regional government, you bring in governments and communities which have a very small aboriginal population. We may delay coming to grips with the dilemma of urban aboriginal population because we can't bring aboriginal peoples into new governmental structures, and we diminish their political capacity in the short-term and make it more difficult to address what is a very serious urban problem. If we don't, as regional communities, address the aboriginal core population, we're going to witness a significant decline in the quality of urban life, not dissimilar to what American cities went through.

The challenge is to make sure that the dialogue on regional government doesn't deflect our attention away from looking at methods of inclusion for the urban aboriginal population, because the conventional ways in which we think about regional government don't provide any effective mechanism to inclusion. A bad problem may get worse. If it does, our cities are simply going to be less attractive, the quality of life is going to diminish, never mind the quality of life of the urban aboriginal population. That's going to have a large effect on our cities. I think it's a significant problem.

Hyndman: I wonder if you could each suggest over the next week one book or one paper or one video that you think it is most important that I should see or read in terms of the broad background to developing this frame work for the next two or three decades.

We've had reference to some videos, books, papers and memoirs but I'm going to ask each of you to discipline yourselves and pick one let me know either by e-mail or fax.

The following materials were referenced during this discussion:

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Korten, David C., March 1999. The Post-Corporate World: Life After Capitalism. Berrett-Koeler Publishers.

Saxenian, Annalee, March 1996. Regional Advantage: Culture and Competition in Silicon Valley and Route 128. Harvard University Press.

June 22, 2000

Alumni House, Edmonton, Alberta
7:10 to 9:45 PM

In attendance

Lou Hyndman, Project Chairman — Bill McMillan, Project Coordinator

Guests

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Mr. Stephen Downes, Faculty of Extension, University of Alberta
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i) The following summary is taken from the verbatim record. Verbatim records are available from the project office.

ii) Highlights of discussions are underlined.

1. Environment, Environmental Policy and Human Settlements

Chairman's Question: Is global environmental policy (e.g., climate change) a factor that will fundamentally affect the pattern of urbanization and the role of municipal governments?

Scenario: It's the year 2020, and we didn't change a thing. We are doing exactly what we are doing now. Where does that leave us?

Rasmussen: There is a global agenda that has its own sense of priorities, and some of the global environmental agenda is driven by different factors for different reasons. So climate change, the greenhouse gas emissions has been driven very hard in the last few years, and that's where a lot of the focus is. On the other hand, there were

conventions on bio-diversity which seem to have not aroused any interest in municipal areas, and yet may have some significant impact. It troubled me that you have the global setting tending to define what the issues are.

The City of Edmonton's environmental plan identified 19 environmental issues, but the only one they have really paid any attention to so far is climate change, partly because it's driven by the federal association of municipalities agreements (even more stringent than Kyoto's).

I worried that if we allow the global agenda to set the stage for us, then we will tackle these issues piecemeal and perhaps when they are in the crisis stage on the global plane or the global won't get to some of the other issues.

The second thing that troubled me is I'm aware that Edmonton is producing a plan (Calgary has done this already). So the big municipalities are doing it and possibly the small municipalities are doing it, but there's no coordination. So even on climate change, we are not really thinking of ourselves as a region. And it strikes me that intuitively we should where we have all these commuter connecter hubs, and there's a wealth of information from the United States and other places in the world that I understand is being passed to us about how to manage that kind of an issue, and yet it's directly connected to what the ten percent or so of Alberta emissions of the municipalities are responsible for, I don't know what the percentage is. But I think the source emissions are the big part of the picture. But Edmonton and area is 10 to 15 percent of the picture in terms of its energy use patterns and automobile emissions and so on, as I understand it. I may be off on that. So correct me if I am.

Another thing that troubles me is the areas that we don't tend to think about, where there might be some economies for us in thinking about it together. First, cost benefit economies, we might be able to find solutions that work; and, secondly, political economies in the sense that I think a provincial government and a federal government are much more interested in hearing from a co-activity than from an individual city and especially the smaller cities. So, in other words, an association can create political clout and also create information systems to help manage these kinds of issues. So one issue that strikes my attention is what issues are we going to pay attention to and how do we come to grips with that as a region?

I am chairing the River Valley Alliance that has a grand vision for our river valley (a dominant physical feature and recreational and wildlife corridor). It has taken three years to get all seven municipalities that bank the river to sign on and say we are an alliance. And now we finally have representatives from the provincial and federal governments.

We built the alliance around a single issue which probably isn't the dominant issue on most people's minds. Although, a lot of people think about landscape and wildlife and human habitat, you know, and having some wild lands still within the urban setting. And that's one of the places where it has to happen. It doesn't take into issue things like wetlands and wild foul migrations and what part our wetlands play in that. I watch all of these things unfolding piecemeal with no regional planning and, therefore, no regional picture. So we are losing cost benefit analysis, we are losing information analysis power, we are losing political power. We may be focussing on the wrong issues for our region because the global economy and the global environmental players are telling us this is what we must focus on now and so on.

Scarth: I've become personally convinced of the probability of climate change based on, primarily, an access to the world thinking through a man by the name of C. S. Holling, one of the chief climate change scientists in the world.

I formed a company called Climate Strategy with Holling representing the science side and a good oil man, retired, by the name of Don Scathing representing the carbon group. What we are trying to do is to design profitable strategies for diminishing CO2 in the atmosphere.

I know there are a number of problems in the world which come under the umbrella of environmental problems. There are probably three that affect your municipal government. I'm not sure about the order.

1. Water: In the Winnipeg Capital Region, almost three-quarters of our territory is underlain by one aquifer. The City has been importing water from a nearby lake, 150 miles away, since the city fathers first could understand the pipeline. The municipalities use wells tapping this aquifer. Because the city has been spending $200 million every now and again to improve the pipeline, the municipalities have never had to worry about the aquifer.

If the scientists are right, by 2040 or before, that aquifer will be overused and probably exhausted which suddenly creates a question of how can it serve this capital region? If there's a similar situation here, how can you create a structure that when everybody realizes there's a problem, there's a structure to take care of it.

2. Gasoline: How soon will the price of gasoline actually make people think twice about moving outward from the centre of the city? Already, 60% of the gasoline you put into your vehicle is imported. That's a fragile situation. So suddenly gasoline is going to become expensive and we are going to start to love the core again. It's starting now a bit. In terms of climate change, it's related because the price of gasoline has to go up whether it's taxed up or because of some kind of emergency. It is the greatest cost centre in our system. It distorts our planning. We are going to get that cured.

3. Agricultural Land: Climate change will cause significant differences in land use. Forage crops will naturally be favoured because they can catch the winter moisture. The prediction is that by 2040, no crops will be harvested in July and August. In that case, we are looking at fall crops to catch the winter moisture, and at a predominance of forage type crops.

Countering that is the fact that we passed some time ago the six billion person mark so that some time in the next 10 or 20 years, agricultural land is going to achieve the value which it should have. Now, when that happens, that's a constraint on capital region planning.

Right now, there's a little bit of an outcry from our rural municipalities around Winnipeg when we start to put asphalt down on farmland. Just imagine the outcry in 10 or 20 years when we see on television people starving not in the hundred thousands, but in the millions. And that's a certainty. Preserving agricultural land will be a prime objective. Do we have within our region a system of planning which can accommodate that? If we don't, we should. I see those as the three major factors affecting the next 20 or 40 years.

2020 is not a good year to choose. It's attractive because it suggests a vision but the question is, when will we reach two times CO2 in the atmosphere? Scientists calculate this is probably in the range of 2040 to 2060.

Can you really persuade your municipal councillors to look ahead to 2040? It's tough. In fact, it's impossible. They are not elected for that long. What you might do in your structure is to create the capability of meeting those problems.

Stratford: In a lot of my work as a futurist, I find that it's easy to be seduced by the empirical model. And, it's often the cultural that we don't anticipate that changes our

projections. I just got back from London three days ago. The price of gasoline hit four pounds a gallon. That's $10 a gallon. A fill up for a 1.6 litre engine was costing an average of $110 Canadian.

The interesting thing is that in the middle of this, the British government are trying to deal with an environmental issue: the loss of farmland because of people expanding outward into previously rural villages; and softer environmental issues of disturbing the patterns of rural life, and, in fact, bringing about quite a backlash among long-time residents of rural villages because they now have these weekenders and commuters.

The City of Bristol, for example, which is some distance London, now has 28% of all adult residents of Bristol commute to London every single day. So the price of petrol, one of the most expensive in the entire world, has not deterred that. It's the cultural which appears to be driving that much more so than the practical. They say the value of living in a rural environment far outweighs the cost. Now it's being negotiated into employee contracts. They negotiate petro vouchers as part of their employment and that cost is passed on to the consumer.

Another broader issue of the environment relates to the 1990 Exxon Valdez incident. We talked to Exxon and asked why did you screw up so badly? And they said party because they found it very difficult to deal with the massive environmental damage because there weren't the resources in the world that were needed at the time. Some of this was rationalization, but there was some truth in it. It was difficult to find the people who truly understood about wild foul patterns in Alaska; chemists who understood that particular oil and the impact and solidity factor with the ocean, etc. even down to such basic things as where they got booms and slickers to clean up oil.

But at that time or shortly thereafter, a number of surveys in North America showed the environment as being top of mind, No. 1. However, within four years, environment had slipped to No. 11. The reason I mention this is that, in a democracy, you can only move so much faster than the populace. If, the people of Canada believe that the environment is not the issue that it was, it becomes very difficult to assign resources and energies to the issue.

I find the people who are the least in touch with their constituents are locally elected officials. They probably have a poor understanding of the core values of their communities even though they are closer to it than any other government. I have always been surprised by that except for the fact that it appears there's a much smaller percentage of people who get involved actively in local governments, local issues. Maybe that's why we tend to examine a much smaller cohort.

I think it comes down to secondary values over and above the cost aspects of environmental concern, and the core values of the electorate as a whole as in the British case, the rural being much more important than the cost of fuel. And understanding where, in priority, do people today value the environment?

Scarth: Another reason the people from Bristol drive to London is simply that property values in London are so high that you cannot afford not to drive. By and large though, if you jump the price of gas up people think twice.

Garcea: As I look at the year 2020 or 2040, the question is what will be the role in regional governments in managing their pollution points or their pollution voucher? I think what's going to happen is there's going to be an international regime and a national regime. The national regime will establish the provincial regional regime, then the provincial regional regime will have to make some decisions about the provincial subregions. So there is an issue of economic development and political management and political conflict both between and within regions about who gets to do what within this new regime.

Sancton: With the possible exception of water supply, which could be significant, all other questions we have dealt with (climate change, gasoline prices) has nothing to do with municipalities. Municipalities can do nothing about it, should do nothing about it. The problems far surpass even the most ambitious plans for expanded municipal boundaries. These are issues that need to be dealt with on a world or a national or a provincial level.

Downes: Gas prices vary locally, not because of municipal regulations, but certainly because of conditions in the municipality. If our gas price differs from Calgary's, there are differences in the two municipalities that cause that: difference in demand, difference in usage patterns, difference in climate. But there are regional differences that will cause differences in prices. Anything that's particular to a municipality has to do with municipality.

Bish: I've never seen any empirical survey data that supported that [locally elected officials are the least in touch with their constituents]. In fact, if we take the coincidence of preferences of citizens, it matches more closely the smaller the municipality. Municipality is better than states, and municipality is better than federal. So it's the municipal politicians that seem to reflect their citizens. The people who think differently may not know what the citizens think.

I think there are areas where local governments make a difference, even though they don't regulate it. For instance, if transportation costs become much higher, we then go back to much tighter clustering. In North America, cities are reducing the number of automobile miles travelled in a region, not because of public transit, but because of shorter journeys to work by moving the jobs to the suburbs.

Some of the planning practices municipalities undertake are quite discouraging in not permitting mixed land uses. Assuming technology can't keep up with the cost of fuel, we need some local government policies that permit clustering in ways that some municipalities don't seem to know how to do.

Rasmussen: On the issue of ground-level ozone and ambient air, it seems to me that we completely create our problems as a municipality in those areas. Our automobile use is a huge contributor, along with the industrial zone we have and other emitters. Municipalities control that.

However, we don't control our watershed. Our watershed comes out of the Rocky Mountains and there are a number of other municipalities along the way. We don't seem to have much influence on them except through a certain level of standards that are set by the Alberta Government. As a municipal area, if we were consolidated, we would have much greater clout about that watershed. Also, the people in Fort Saskatchewan would not have to put up with what Edmonton is doing to its water. In a study done about six years ago by all the industrial and municipal contributors, the City of Edmonton and one of the industrial contributors were No. 1 and 2 in terms of being the problem people. We are not taking care of our problem because our voters don't demand that we do. That's a real flaw for the people in Fort Saskatchewan.

I am saying let's take a look at the whole list and do exactly your analysis, but for the whole list. It's true we can't control global warming from here, but we do have a percentage of that piece too.

Wallis: In the U.S., substate regions are being brought in in a very significant way to address the most pressing pollution problems. Usually they are created by the States and sometimes interstate compacts. Earlier attempts at regional environmental protection came because they didn't trust local governments to do the right thing. A local community would protect its own environment but their solution would be to

export the pollution downstream or into other people's environment, or induce unwanted growth outside their boundary.

What's happened in the last 10 years is the creation of regional markets to address environmental problems. In Arizona, the region was defined as a water basin (Maricopa). The two primary users are agricultural and urban. The state legislature passed a law that you could not take water out of the basin; the natural phenomena defined the region in a logical way. A market mechanism was then created where agricultural users and urban users would have to trade off this limited quantity.

This represents a shift in thinking. U.S. regional approaches to solving environmental problems have been common since the 70s. But it's relatively recent that market mechanisms have brought a discipline to bear. The Southern California Air Quality Control District has tried to insensitize the whole issue of cleaning up the air by limiting the amount that can be polluted and then creating allocations so that they could be traded on the market. Colorado has three of these kinds of pollution regions around specific water basins that trade pollution credits.

So we have at least several decades of experience at creating a regional scale in response to environmental problems, but relatively recent experience in terms of creating market mechanisms to bring an appropriate discipline.

The market mechanism allows environmental interest groups from around the country to buy pollution credits and prevent polluters from buying the credits of other people around a lake or in an airshed. And so the market actually becomes a very lively place as long as someone is interested in buying those credits. A lot of these problems are really at a sub-provincial or sub-state level and require regional response.

The state generally creates these regions.

Bish: The L.A. basin was a desert after World War II. It was the first really innovative water management where a city of 12 million people in a desert region was created. That came about through the management of groundwaters where they buy water in the winter and put it in the ground and pump it out in the summer. They use their water basins as peak storage. That involved the participation of municipalities and major users (oil refineries and industrial users) working out systems to manage a series of groundwater basins and then going to Sacramento and getting it legislated. Because in the United States, it's the state that does property law. And that's a property law problem.

In B.C., we can't regulate groundwater. We are still regulating under the British system that assumes you've got lots of water. These are legal regimes that are well understood around the world, the difference between Spanish systems and British systems and how you go about them. They are poorly understood in Canada as near as I can tell in terms of the kind of institutional arrangements. And they are not necessarily municipal because the boundaries of groundwater basins and so on are different in that they do not require integrated, large bureaucracies to manage them. They require property regimes that define who has the right to do what and ways of making transfers. We have got lots of experience in North America with those. There is no shortage at all. We have had a heck of a time bringing them into Canada. We have serious water problems in parts of B.C. on the islands. We just can't penetrate the darn British Columbia bureaucracy to think about that in that way.

Washington State was the first Shoreline Protection Act in 1971, citizens initiative, decentralized, run by cities, run by counties. We don't have anything comparable to that across the border. A lot of the problems we are confronting, somebody else has solved not all, but many of them. It's really hard to get the information transferred

when it's not yet on the politicians' antenna and I don't think the average citizen anticipates very well.

Some of these things we are talking about, whether the municipal government is involved depends on the nature of the problem, and their geography. But some of them, they have been involved as major players. And they may be more sensitive than people in a state or provincial legislature. So they may be the people to push, even if the ultimate legislation must come at the provincial or state level. But the regimes might be worked out locally. But you don't see them as worked out in a large bureaucratic sense. In fact, large bureaucracies are often the last to solve innovative problems. They push and tug and negotiate and so on, and people recognize the problem more and more. And pretty soon you've got a solution and it's kind of evolutionary.

Smith: The difference between whether or not an issue is salient in terms of public opinion or whether it's a real problem and how politicians respond. Looking at the water problem in terms of Alberta, I am reminded of what Dave Schindler said about what's happening to the glaciers that our water systems feed off. Objectively, these things are disappearing. In 20 years from now we will find that we have one hell of a problem. It will be salient then but it's not salient now. If we are guided by public opinion, in terms of the environment, we won't pay attention until it hits us in the face.

2. Network Technologies and E-Government

Chairman's Question: Will integration of network technologies with government (e-government) change the work of municipal government and the way that municipal governments are structured?

What at the drivers that are increasing the emphasis upon regional governance?

Should we anticipate changes in the nature and role of local government?

Stratford: A whole bunch of cultural things are going to shift where it goes. In the countries where most of us make our living (G-7), it's really about shifting and shuffling information. A big argument could be made that, therefore, we could almost all do that, at least a good part of the time, telecommuting.

But another factor is the need for social contact. Where a number of telecommuting laws have been artificially pushed by corporations, they have run into that. A lot of their people say the most I want to do is partial telecommuting (perhaps one or two days a week I want to stay home). Or if the environment at the office is particularly pressured, they will take their work and go home. In Europe, and in some cases in the U.S. (Federal Government), they have created telecenters in the periphery that take 20-40 people and encourage them to do a ten-minute commute from home to this area, rather than a one hour commute into the city but they have not met with a great deal of success. So the observation is that perhaps 15 or 20% of people need social contact.

Certainly, when I speak to university students, there's a great deal of interest in both being entrepreneurial and being self-sufficient working from home. So there may be a generational difference there.

The enormous challenge to small communities is going to be e-commerce. We are going to see enormous potential impact on the life blood of the trading aspect of small communities particularly. I think bigger cities like Edmonton and the secondary cities in Canada can perhaps more easily absorb that. Because, again, you get back to the need for social contact.

Finally, we may see the adaptation of so-called edge cities becoming much more active in terms of places of employment. I think we may see the development in Canada and the U.S. of people living on the outskirts of a city, who are now making a one-hour or better commute each way, will perhaps spend two or three days at home and then a couple of days in their city office. So you will end up with different choices for people.

The issue is what are small to mid-sized communities going to do to encourage that development? One idea is to get rid of a lot of current zoning and understand about issues. Thousands of communities across Canada have distinct laws against home-based business. You are not allowed to work in your home. Government is going to have to face that issue. I think the best thing they can do is not try to lead this process but stand on the sidelines and say how can we accept the organic nature of it and try to help it along.

Downes: I live this new Internet age. I've telecommuted from a small cabin in northern Alberta. I've worked in offices. I've done distance education for 15 years. My community was recently denied sidewalks. Why is that important? Well, I can do everything on-line. But I'm not going to do it from inside my house.

My neighbourhood has value to me. In my ideal world, I can do my work in the coffee shop. I know the waitress. She knows what kind of coffee I like. I hang out. I do my job. Maybe I will cycle to the university, and maybe I won't. But that will be up to me. That redefines community.

The trend is inevitable: In five to ten years we should look at a two-times magnitude reduction in the cost of information. To put that into perspective, a university course that costs $100 today will have a value of $1. Now, it might not be sold for $1 - a lot of artificial constraints will be placed on the distribution of information in order to maintain that price as high as possible for as long as possible, but the trend is there. Gradually these barriers will be overcome largely through private industry. We are seeing this already happening in the field of education. The private sector is supplanting everything, except perhaps janitorial services because you can't digitalize that; although, with fewer buildings you don't need that. Colleges and universities are under increasing pressure to contract out aspects of their services (grade maintenance, personnel records, up to and including the actual offering of on-line courses). Columbia University recently signed a deal with a private company that provides all of the infrastructure. Columbia provides two things: the name (which is still worth something) and the actual content.

Similar sorts of pressures are going to affect municipal governments. There are companies with the technology and expertise who can do things that (especially small municipal administrations) could never dream of doing. The field of municipal government now is where learning was about three years ago. In the last six months, there have emerged at least ten virtual town hall STET (software packages which allow you to put all of your services on-line). That's one trend.

Another trend is a lowering of threshold for access to information. It used to be if you wanted to find the demographics of an area, you would hire a marketing consultant. A marketing consultant would go out and do some research, and maybe actually look at physical documents. It was a costly process and was therefore restricted to only a few people. This information will gradually become more available to more people and groups, meaning you don't need to be KPMG to get good marketing data. The consequence of that, and of vastly improved communications, is a more aware and more capable citizen population. We have seen instances of cyber-activism already, cases where political campaigns spring out of nothing and they become this massive wave that sort of emerges, does its damage and leaves. Maybe I shouldn't say "damage." The election of Jessie Ventura is an example of cyber-activism. The WTO

protest in Seattle is a consequence of cyber-activism. The MAI protest. The campaign of John McCain. John McCain would have been a fringe candidate except for cyber-activism. Expect this over and over and over again.

These trends, local community, reduction in the cost of information, empowered citizenship, lead to massive fragmentation. There will be no top ten issues anymore. You will have many different topic-based communities (or communities of interest) who can mobilize on a moment's notice who will go from region to region, if you will. It's entirely possible in talking about whether gas prices are a civic matter, the global community that's interested in gas prices could focus on Edmonton city government for some reason. We don't know why. Who knows what the issue would be. But picture that. It could happen. It will happen.

People won't get their information from only one source. Today, to get your information out you tell the newspapers, the radio stations, the TV and you're done. And those instruments dramatically influence public policy. But their capacity to influence an entire city population will decline because that population is not getting their information only from these few sources, they are getting this information from a variety of sources. They have software which can filter that information to pick up on the topics that they want. They can get a very deep knowledge and a very broad knowledge because they get information planet-wic ' that topic and they will do that.

The consequence of all this is that we are seeing a shift from control being in the hands of providers, to control being in the hands of consumers. This mostly works in areas of surplus (especially in information). In areas of scarcity I'm not so sure it will be the case. That's what generates the market economies that we see emerging in a lot of areas. And in education, we have market economies for courses, for student registrations, and so on, and I can go across the board. Market economies for civic services.

The major challenge facing government, whether municipal or regional, is to establish their own relevance. Increasingly, people will want to be able to manage the civic process, civic governance themselves without the intermediary of government. And technology will make the case that they can do so. People might want, for example, a mechanism whereby the civic budget is a piece of software which can be accessed by all citizens and which reflects the combined input of all citizens. You won't need a planner to create a city budget. People will do it themselves without an intermediary. That's down the line. And that's an extreme example. But we will see lots of smaller examples like that.

The role of government, municipal or regional, will shift from being service providers and will move, to a large degree, to a market economy. The role of government will be as an enabler and a regulator. Enabler in order to make sure that the infrastructure is in place; and a regulator to control the excesses of a pure market economy. The pure market economy, as I mentioned, doesn't react as well as it could to scarcity. It reacts a lot better to surplus.

Bish: I think that local governments primarily deal with geographically based community issues. If we make education non-geographic for communications technology, then it ceases to be particularly relevant as a local government activity. Local government deals with physical things: delivering road services, delivering sewage collection, water delivery, local recreation centres. I totally agree that many of these activities may be better delivered by an alternative service deliverer because local government bureaucracies are seldom the right size to do everything. In B.C., the average municipality contracts out 30% of its activities.

But we still have a governance problem for the community of people that physically relate to that. And they have to make decisions because when they provide roads, they are all going to drive on the same roads. They are not going to have a different road in front of different houses. We're still going to have a water supply system. The question becomes how are these decisions made because that's the role of government; they don't have to be producers, how does that change? And maybe it will be electronic, I don't know. I think a lot of people are busy in their lives with things other than government. And they aren't interested in a participatory town hall on a regular basis. Some of those are physically bounded. Those haven't gone away. And that's a major function that local governments perform for a long, long time. Technology of production has changed dramatically, historically, and it will continue to change. But that's not the primary thing that government does. It's in governance.

Smith: I think you're both right. The question is how do you integrate the capacities, increasing inter-activity of the net, the fact that information is available, the citizens will have the same knowledge if not know more than their representatives, the capacity for direct interaction. In fact, there's a need for representative government - you have to balance the two.

I think the capacity of the Internet connects directly to the fact that you will be trying to coordinate what goes on in a region. You are stressing horizontal relationships instead vertical. You are not proposing amalgamating Edmonton into one centre and one bureaucracy. You are talking about coordination and horizontal relationships. That's precisely what the Internet emphasizes.

In your First Report, you talk about network governance, in terms of more efficiency through horizontal relationships and coordination. You are talking about a network economy, interrelating things through the global economy. But nowhere is there any talk about a network citizenry. Currently, citizens interrelate to their municipal council through the electoral process - that's representative democracy and we created that in 1900s because you had to get on a horse and ride to the capital. What you are proposing is we are going to stay with horses for governance for citizens, and we are going to update everything else. That won't wash because when you look at every single opinion poll in this country and the U.S. they are rejecting the governance they now have in terms of representative democracy; it has limitations; the citizens feel they are not being included. You only had to watch Bill 11 here to see a real shift in this Province where people want to be heard.

Nowhere in the report is there anything in terms of how governments relate to their citizens in terms of the new technologies. I looked at some of the experiments done in Finland, and what was being done in California, and how governments use technology is to disseminate information and to do it in a vertical manner in terms of how they interrelate with their citizens.

You are working on a horizontal problem. I think there's a horizontal problem of how citizens relate to one another, how they can network, and how they can get information. Now they know more than their mayor or representative and they are not going to be left out.

Citizenship is real - people want to participate - but they don't have much time. One of the advantages of the new technologies is it solves the problems of time and flexibility in terms of participation.

I checked a number of Internet sites in this province to see how people can interact with one another and have participation in any policy matter on any terms of any agenda. They can't. However, if you are a resident of Santa Monica, you can comment on the budget, and they have strategic issues you can participate in. I think the people

of this society have become more democratic than ever, more educated than ever. But people feel more limited than ever in terms of ability of people to express themselves.

There are now entities that facilitate groups to organize and express themselves on the Internet. And that's becoming an alternative place for people where they are politically active. We have to integrate the concerns of people with the desire to participate, the capacities of media interaction, horizontal coordination; and take advantage of that and integrate that into the plan.

The last reason people get on the Internet is for electronic commerce. It's way behind the other reasons why people get on the Internet.

So I see a real chasm developing between what I think administrators may want, and what governments may want. And what the citizens are capable of and how well the citizens have advanced in terms of their education and capacity.

Stratford: One of the assumptions that should be made in Mr. Hyndman's report, is there will be universal (100%) access to the Internet from homes - it will parallel the telephone. We are still hung up with the fact that you have to buy a PC, but that's yesterday's news.

The e-commerce approach will push much more to the fore just as Canadians have embraced on-line banking at a greater rate than any other country in the world.

Wallis: What is the value of "place" in a virtual world? I think that's an important issue. When we look at location decisions from the most footloose part of the labour force, we find that place quality is extremely important. So one way of looking at it is that places become irrelevant because we are all, you know, moving around in this virtual space. But, in fact, what it's done is make place qualities more valuable.

That's the connection with the first question we were looking at, environmentalism. People go to places that they find desirable.

There's an interesting connection between, e-democracy and technological changes having an impact on making environment quality far more significant. It allows people to choose not to go to places where they are not interested in being. For instance, a queue at the bank. That means they will invest their time in places they choose to do so. Therefore the quality of those places is important. It's an odd kind of paradox that as we make people more and more footloose because they don't have to go to places physically, we make them more attached to places. It's not clear how that factors into regions but I think people are redistributing themselves and spending time as active environmentalists and as community activists making sure that the quality of those places is preserved and enhanced.

Bish: Local governments tend to control the environment. When you are footloose in an economic sense from communications and so on, it makes the local government planning, land use practices, the roads, the local environment more important rather than less. Local governments are the geographic community. Stuff we always have done in local governments. They do it differently. But that's the community in which we need a governance process. Some local governments are going to create really nice environments where people are going to want to live (not just scenery) - and some are not going to make it. They are going to create environments that people don't want to go to and they are going to get left out. Local governments are the geographic community. It hasn't lost its influence.

Local government is the key decision maker on certain things that are important like the local roads, sidewalks, planning and zoning (whether you get mixed land use). But

government itself does not make the community, but is one of the contributing factors. Over time that's the authority that affects many things in your local space.

Downes: If I don't like the local government, I am going to move. If I complain it's ineffectual. Decision-making isn't, can't and won't be in the hands of the government. This is key, this is what these changes create. We are used to the idea of the power coming from the centre and flowing to the people. When we can live and work anywhere, if we don't get what we want, we are going to pack up and go (the power of exit, the power of consumer choice). Information technology puts the power in our hands that if we are not getting satisfaction from our municipal government, we bypass it. There are many ways of bypassing it.

Smith: I am emphasizing the other capacity of the new technologies: the power to participate. If people listen to those with the capacity in terms of knowledge, that's the power of voice. Where it's increasingly impossible to control all the information, people have more information. This a fundamental component of a democracy. And if that's the case, then how do we accommodate the power of voice? How do we reconcile direct voice with representative voice in terms of a local and municipalities?

There's also the network capacity: the power to quickly find allies for your cause. You can mobilize very quickly.

Hyndman: A political reality is that a politician will listen to 25 people a lot more than he will the best argument of one person.

Downes: Five years from now when everybody in my community is connected, with about a half hour's effort on my part, I could just assemble everybody in the community for a sit down protest. That sort of thing could happen and it will happen.

Stratford: Currently, the power of exit may be limited. It may be members of a community, when faced with environmental degradation or whatever, may have the option of power of voice/protest, but not, for the most part, power of exit.

However, if you can move from one town to another and get on-line and be back in business, as that portion of the populace grows, what will be the impact on small communities? Information technology is probably going to give local government challenges they haven't possibly seen before. One of which is going to be that power of exit.

Sancton: These issues we've been talking about, certainly in the local government context, are not new. They have been around for at least a century in North America. It's important to keep in mind that this is an ongoing dialogue, ongoing set of problems that have been with us for a long time.

I think this globalization question is serious, not trendy. I do think that cities are more important as a result of globalization and I include the city regions. However, I think there is a danger in assuming that just because city regions have become more important in the economic sense as generators of economic wealth that somehow municipalities have also suddenly become more important. I think we have to keep in mind that the municipal share of public spending would have been far higher in relative terms a century ago than it is now. Since the Second World War, you can see in Canada a decline in the municipal share of public spending, and just in recent years a slight up-tic, just a slight up-tic.

I would also argue that municipalities have generally over time lost authority, lost functional responsibility. We hear about fiscal downloading. I suggest it would be worthwhile to make a list of new responsibilities for municipalities. It's not a

particularly impressive list in Ontario in the overall scheme of things when you think of all the changes that other parts of the world have gone through.

One thing I'm convinced about is that we need regional institutions. They are needed for all kinds of reasons that I think everybody is familiar with. I think that in the Edmonton environment, and it's also true in some other Canadian cities, the size of the City of Edmonton is a problem. And you can't think of it in terms of the central City of Edmonton versus the suburbs. It's an awkward size because I assume that one of the big issues that you want a regional institution to have some kind of influence on is the control of sprawl and shaping regional growth patterns. I don't see how it's not going to be translated into a City of Edmonton versus the other municipalities question. Because as soon as City of Edmonton says that they want to control sprawl, or as soon as anybody says that they want to control the sprawl, it looks like all they are trying to do is control development in the outlying communities. That is not necessarily the case everywhere else where you get regional institutions.

I don't have any answers to that but I have two possible proposals:

- A double majority system within the voting mechanisms of a regional institution or a form of special majorities of one kind or another (e.g., you have to have a third or a half or whatever of the city versus the suburban blocks). There are precedents for that. The Montreal Urban Community runs along that way because the proportion of population between the central city and the suburbs are not unlike Edmonton.

- Strong provincial leadership. European countries, when they talk about regionalism, are trying to invent things that we already have - our provinces. And provinces have the potential to shape this growth. I don't see anything wrong with saying that in very broad terms the provincial government would provide guidelines about proportion of growth in the City of Edmonton versus the outlying areas, and then the regional institution would have something to do with carving up the growth areas among the different municipalities. Now, all this depends on the availability, the infrastructure, the sewage capacity and such - the nitty-gritty things that municipal governments have to be concerned that are sometimes lost in the grand discussions about how our society is changing so much.

I agree that we are talking about geographic places here, and we are talking about, really, a situation in which we are not going to get growth, we can't have growth unless it has some connection with this type of infrastructure.

Wallis: I certainly agree that globalization is not a flash in the pan. The direction of these technologies is too difficult to tell - it could flip-flop instantaneously. I do think this transformation of governance is something that needs to be addressed. What we have seen over the last 20, possibly 30 years is a restructuring of a private economy, and it's looking for a counterpart in the public sector. So, when we look at governance, one of the interesting things is going to be, how do we form mechanisms of bringing them together? The solution of a century ago, at least in the U.S., was to keep them separate. The whole idea was to trust-bust, to watch over the private sector so that it didn't run away.

Even more recently, we have an organization of non-profits called The Independent Sector. The nonprofit sector, and the public sector and the private sector are their own domains. And in a checks and balance mentality, they watch over each other so that we, the citizens, don't get messed up. That made sense a century ago. Do those parallel universes of action make sense today? The private economy is no longer contained by national mechanisms because we have multi-national corporations. So

trust-busting, even with the recent Microsoft case, is not all that feasible. We can hop to different countries and do our business. If we have environmental laws here, then we will do our mining or our manufacturing somewhere else.

Probably 80% of human service delivery, the delivery of the service, not the payment of it, is coming from nonprofit providers, because they have a lot of flexibility, and they are closer to the people. And virtually all economic development in the U.S. is now being done through public-private partnerships. We are not worried about keeping the boundaries clean. We are sort of very intensely engaged in fuzzying them up.

So I think when we look at this idea of governance to deal with the new issues, clearly one of the things we have to think about is the role of the other sectors. And I would include in that the new role of potential activism of citizens because citizens are the glue in this entire equation.

I think it's important to make sure that your report is not about government to government. This is about the governance of our regions, of our municipalities, and that's very different than what government has to do in restructuring itself or carrying out its business.

Bish: Citizens are going to have more power vis-a-vis their local government, be it exit or voice or other information. At the same time, local governments are increasingly dealing with other organizations to produce things on their behalf rather than doing it internally. The smaller local governments have been more successful with that adaptation than the big bureaucracies in the big cities.

I think it was a disaster when Winnipeg was amalgamated. I think it would be much better off today to have the 13 separate municipalities functioning within some kind of regional forum, but maintaining their identity and their community locally. You have to combine the small and the big, not do one or the other.

What local governments traditionally do best are things like local roads, sidewalks, zoning, things that are very geographically bounded. Some of these other questions need a regional forum to deal with them.

I am not impressed with separate election of regional officials. I am impressed with the B.C. system. We are 32 years into it. I don't think institutions change very rapidly. But, you know, we are getting more and more cooperation.

In U.S. rural areas, the county has served the function of being the home for the little municipalities to do the big things. Across Canada, there are so many single-tier systems, there's no way to nest the little ones and the big ones. I think that's a real deficiency. An example is in policing. In the U.S. you have thousands of small departments of police that control and look after their county, but they are nested in the county sheriff, the state police, the crime labs or information systems, etc. And the hard-nosed empirical evidence shows the best-performing police systems are small police patrol nested in big overhead service departments. The RCMP does that in Canada. But some smaller municipal forces have no structure to do that.

I think we have to get rid of the animosity toward the two-tier system that was generated in Ontario and begin to think how we can have both small and large. They have got to be simultaneous.

Garcea: In terms of Mr. Hyndman's report, I think it's important to take a systems perspective first and foremost. Everything we have talked about over the last couple of days is important. Structures, agents, processes, procedures and political culture are important.

We truly don't know what is going to happen so you have to be careful not to design things that give a sense of certainty about specifics. You need to establish the right kind of political culture, the principles and values. Transcending boundaries and moving toward governance rather than government, is the core message. If broad principles and values are established; regardless of what comes up, and regardless of what kind of structure you've got in place, you can act. So a systems perspective.

It's important to take a province-wide perspective. You were given a mandate to look at the city region here. Two questions: What are the implications of the success or failure of the city region for other regions in the province? And vise versa. What are the implications of the success or failures of other regions in the province for the Capital Region? There is an interrelationship there that is absolutely fundamental to what is going to happen in the region, and in the province.

In recent years, we have seen municipal building supplanting or superceding what was known as nation building and province building before that. Interestingly enough, it's been done with the encouragement of the provincial governments themselves to some extent; that they want capacity. What is municipal building? It's basically capacity building to increase the capacity of municipalities to do (A) what they want to do; and (B) whatever the senior orders of governments would like to do. So I think there's municipal building going on. And it has really important implications because this municipal building phenomena is really in part about autonomy, but it's also about sovereignty, particularly with the larger cities in city regions. When people ask for status and order of government and natural person powers, really they are asking for a more than autonomy, they are asking for a certain degree of sovereignty.

If you do establish a large, powerful city region, how is it going to exercise its sovereignty in relationship to the provincial government, to the federal government? What are the implications of Edmonton going abroad and doing various dealings (either succeeding big or booming big) and creating major international problems for the entire province. So the issue of sovereignty versus autonomy here is crucial.

Has the work of local government changed, in recent years? I would say that it's more the load than the nature of the work that's changed. In some cases the load has increased and in some cases the load has decreased. Whether or not the load increases or decreases in the future is contingent on macro-politics and micro-politics. Macro-politics being the decisions of senior government and also trends such as the new conservative movement toward the hollowing out of the national and provincial state and the downloading to some extent, that will determine the load for municipalities. So that's the macro kind of political dynamic.

The micro-political dynamics are the kinds of choices that communities and individuals in those communities make about what they want their local government to do regardless of what the mega-trends and the macro-trends are. I think we have to be cognizant that it is not necessarily linear and inexorable toward some direction, but there's going to be swings. And there's more than one pendulum. There's probably a series of pendula on various things. So some will be swinging this way, and others will be swinging that way. We have to establish a system that is flexible, responsible so that adjustments can be made; an intelligent system, a smart system.

Sancton: Future changes: there's likely to be even closer connections between the work of local governments and provincial governments mainly. In Ontario, there has been a massive effort to disentangle provincial and municipal affairs, the province to do one batch of things, and defining what the municipalities are going to do, and they are going to be quite separate. And this is going to make for more accountable government, more transparent. People are going to understand better who does what.

I have always thought this was a dumb thing to do, because all these things were hopelessly entangled and could never be disentangled. When working out in principle this so-called disentanglement, the architects of it were stuck with the fact that there were still all kinds of entanglements despite their efforts.

A fundamental assumption, in the Walkerton event, was that municipalities were going to look after water supply. That is now completely finished. They are going to have the provincial government, quite rightly, looking over their shoulders all the time. That's how we got all of these provincial regulations and entanglements in the first place. It's probably a good idea to clear out the underbrush once in a while, get rid of some provincial regulations and, you know, try to clarify things. But I don't believe that the future is going to be a clear set of municipal responsibilities that are separate somehow from provincial.

Smith: A question: regarding the disappearance of borders and boundaries, bureaucratic structures become challenged and you can make an argument for de-bureacratization and that you have institutions that are more exposed, more transparent, more visible. I hear there is perhaps the return of the bureaucracy in the more traditional sense?

Sancton: A favourite saying in Ontario was eliminating overlap and duplication and that's what we needed. And then the Premier's initial response to the Walkerton problem was that it was human error. He couldn't help it if one person screwed up or one small institution screwed up. The point is that it's overlap and duplication that does prevent those kinds of things from happening. It's built-in mechanisms that prevent one person from being able to put that many people at risk. So in this area of public water supply, I think it probably does involve what you would call bureaucratization or re-bureaucratization. But what we really want to look for is different. Not always bureaucratic mechanisms or regulatory mechanisms. But some kind of incentive mechanisms that make it impossible for one person or one small institution to cause that much trouble for that many people (checks and balances).

Bish: What was said about the relationship between the provincial government and the local government, a myriad of connections, is the same between regional and local. That's why a provincial government cannot lay out what a regional government will do and what a local government will do. It goes to the activities within those functions that may make sense to do some regional and some local. This is the difference between the B.C. regional district system where you pick activities, not functions, and the Ontario two-tier system where the province assigned whole functions to either the top one or the bottom one. And there was no way they could get it right. When they assigned police regional, they missed the small. When they assigned police local, they missed the big.

Sancton: When they assigned roads to both, they had two sets of plows going out plowing the same roads - not the way to do it.

Stratford:There are a number of things that haven't changed in 150 years in terms of municipal roles. I sense that people are saying they are not about to change the core responsibilities that will always be there such as basic infrastructure and so forth. So, you can belabour that as to how it's governed or who oversees but essentially it's not going to change. Maybe it will change in terms of load but not necessarily in terms of the role.

Two things are changing: the impact of the information age. The points of power of voice and power of exit. The other is the education of electorate. And the curve in Canada is steadily upward, in some communities running as high as 70 % of the

population with post-secondary education (average across Canada around the 40 % mark). I don't think it would be too difficult for a graduate student to put together a model to determine the impacts of those two changing circumstances, education of the people and the information age on the municipality, the community, in the place-based community.

And then the regional model. Individual is drawn to a regional perspective more and more. An individual may live in one municipality, have a girlfriend in another one, work in another one, shop in a fourth and commute through three, particularly in the larger urban environments. Not as much in the small environments. We need to track where increased education and impact of the information age is going to take us.

We will see, particularly in growth areas of urban environments, that regionalization will increase in two ways:

- in terms of the need for better cooperation of regionalization; and
- an increasingly educated electorate that demands a regional perspective.

I think more and more the citizens will demand that my local council think regionally and determine what the impacts of their decisions are going to be on neighbouring communities.

Downes: I think citizens demand clean water and good roads.

Stratford: I think they can demand that the snow plow doesn't stop at the county line.

Downes: They may say something like "if regional government is the way to get these things that I want, (nice parks and good football team, etc.) then I want regional government. But any government is not an end in itself for the citizens of a municipality or a region. It's a means to get the things they want. And what they want varies community to community.

Smith: It's a collective agency.

Bish: In some areas, there's a much higher sense of regional thinking than others. In Victoria, there's a pretty high level of regional thinking so you can have 13 municipalities without fighting with each other all the time and, in fact, do a lot of things together. It helps that we only have 350,000 people.